

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 295

Introduced by Conrad, 46; Cavanaugh, J., 9.

Read first time January 11, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to income taxes; to amend section 77-2715.07,
- 2 Revised Statutes Cumulative Supplement, 2022; to increase the earned
- 3 income tax credit as prescribed; and to repeal the original section.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes Cumulative
2 Supplement, 2022, is amended to read:

3 77-2715.07 (1) There shall be allowed to qualified resident
4 individuals as a nonrefundable credit against the income tax imposed by
5 the Nebraska Revenue Act of 1967:

6 (a) A credit equal to the federal credit allowed under section 22 of
7 the Internal Revenue Code; and

8 (b) A credit for taxes paid to another state as provided in section
9 77-2730.

10 (2) There shall be allowed to qualified resident individuals against
11 the income tax imposed by the Nebraska Revenue Act of 1967:

12 (a) For returns filed reporting federal adjusted gross incomes of
13 greater than twenty-nine thousand dollars, a nonrefundable credit equal
14 to twenty-five percent of the federal credit allowed under section 21 of
15 the Internal Revenue Code of 1986, as amended, except that for taxable
16 years beginning or deemed to begin on or after January 1, 2015, such
17 nonrefundable credit shall be allowed only if the individual would have
18 received the federal credit allowed under section 21 of the code after
19 adding back in any carryforward of a net operating loss that was deducted
20 pursuant to such section in determining eligibility for the federal
21 credit;

22 (b) For returns filed reporting federal adjusted gross income of
23 twenty-nine thousand dollars or less, a refundable credit equal to a
24 percentage of the federal credit allowable under section 21 of the
25 Internal Revenue Code of 1986, as amended, whether or not the federal
26 credit was limited by the federal tax liability. The percentage of the
27 federal credit shall be one hundred percent for incomes not greater than
28 twenty-two thousand dollars, and the percentage shall be reduced by ten
29 percent for each one thousand dollars, or fraction thereof, by which the
30 reported federal adjusted gross income exceeds twenty-two thousand
31 dollars, except that for taxable years beginning or deemed to begin on or

1 after January 1, 2015, such refundable credit shall be allowed only if
2 the individual would have received the federal credit allowed under
3 section 21 of the code after adding back in any carryforward of a net
4 operating loss that was deducted pursuant to such section in determining
5 eligibility for the federal credit;

6 (c) A refundable credit as provided in section 77-5209.01 for
7 individuals who qualify for an income tax credit as a qualified beginning
8 farmer or livestock producer under the Beginning Farmer Tax Credit Act
9 for all taxable years beginning or deemed to begin on or after January 1,
10 2006, under the Internal Revenue Code of 1986, as amended;

11 (d) A refundable credit for individuals who qualify for an income
12 tax credit under the Angel Investment Tax Credit Act, the Nebraska
13 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
14 and Development Act, or the Volunteer Emergency Responders Incentive Act;
15 and

16 (e)(i) ~~(e)~~ A refundable credit equal to:

17 (A) Ten ten percent of the federal credit allowed under section 32
18 of the Internal Revenue Code of 1986, as amended, for taxable years
19 beginning or deemed to begin before January 1, 2024; and

20 (B) Seventeen percent of the federal credit allowed under section 32
21 of the Internal Revenue Code of 1986, as amended, for taxable years
22 beginning or deemed to begin on or after January 1, 2024.

23 (ii) ~~For except that for~~ taxable years beginning or deemed to begin
24 on or after January 1, 2015, ~~the such~~ refundable credit provided in
25 subdivision (2)(e)(i) of this section shall be allowed only if the
26 individual would have received the federal credit allowed under section
27 32 of the code after adding back in any carryforward of a net operating
28 loss that was deducted pursuant to such section in determining
29 eligibility for the federal credit.

30 (3) There shall be allowed to all individuals as a nonrefundable
31 credit against the income tax imposed by the Nebraska Revenue Act of

1 1967:

2 (a) A credit for personal exemptions allowed under section
3 77-2716.01;

4 (b) A credit for contributions to certified community betterment
5 programs as provided in the Community Development Assistance Act. Each
6 partner, each shareholder of an electing subchapter S corporation, each
7 beneficiary of an estate or trust, or each member of a limited liability
8 company shall report his or her share of the credit in the same manner
9 and proportion as he or she reports the partnership, subchapter S
10 corporation, estate, trust, or limited liability company income;

11 (c) A credit for investment in a biodiesel facility as provided in
12 section 77-27,236;

13 (d) A credit as provided in the New Markets Job Growth Investment
14 Act;

15 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
16 Revitalization Act;

17 (f) A credit to employers as provided in sections 77-27,238 and
18 77-27,240; and

19 (g) A credit as provided in the Affordable Housing Tax Credit Act.

20 (4) There shall be allowed as a credit against the income tax
21 imposed by the Nebraska Revenue Act of 1967:

22 (a) A credit to all resident estates and trusts for taxes paid to
23 another state as provided in section 77-2730;

24 (b) A credit to all estates and trusts for contributions to
25 certified community betterment programs as provided in the Community
26 Development Assistance Act; and

27 (c) A refundable credit for individuals who qualify for an income
28 tax credit as an owner of agricultural assets under the Beginning Farmer
29 Tax Credit Act for all taxable years beginning or deemed to begin on or
30 after January 1, 2009, under the Internal Revenue Code of 1986, as
31 amended. The credit allowed for each partner, shareholder, member, or

1 beneficiary of a partnership, corporation, limited liability company, or
2 estate or trust qualifying for an income tax credit as an owner of
3 agricultural assets under the Beginning Farmer Tax Credit Act shall be
4 equal to the partner's, shareholder's, member's, or beneficiary's portion
5 of the amount of tax credit distributed pursuant to subsection (6) of
6 section 77-5211.

7 (5)(a) For all taxable years beginning on or after January 1, 2007,
8 and before January 1, 2009, under the Internal Revenue Code of 1986, as
9 amended, there shall be allowed to each partner, shareholder, member, or
10 beneficiary of a partnership, subchapter S corporation, limited liability
11 company, or estate or trust a nonrefundable credit against the income tax
12 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
13 partner's, shareholder's, member's, or beneficiary's portion of the
14 amount of franchise tax paid to the state under sections 77-3801 to
15 77-3807 by a financial institution.

16 (b) For all taxable years beginning on or after January 1, 2009,
17 under the Internal Revenue Code of 1986, as amended, there shall be
18 allowed to each partner, shareholder, member, or beneficiary of a
19 partnership, subchapter S corporation, limited liability company, or
20 estate or trust a nonrefundable credit against the income tax imposed by
21 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
22 member's, or beneficiary's portion of the amount of franchise tax paid to
23 the state under sections 77-3801 to 77-3807 by a financial institution.

24 (c) Each partner, shareholder, member, or beneficiary shall report
25 his or her share of the credit in the same manner and proportion as he or
26 she reports the partnership, subchapter S corporation, limited liability
27 company, or estate or trust income. If any partner, shareholder, member,
28 or beneficiary cannot fully utilize the credit for that year, the credit
29 may not be carried forward or back.

30 (6) There shall be allowed to all individuals nonrefundable credits
31 against the income tax imposed by the Nebraska Revenue Act of 1967 as

1 provided in section 77-3604 and refundable credits against the income tax
2 imposed by the Nebraska Revenue Act of 1967 as provided in section
3 77-3605.

4 (7)(a) For taxable years beginning or deemed to begin on or after
5 January 1, 2020, and before January 1, 2026, under the Internal Revenue
6 Code of 1986, as amended, a nonrefundable credit against the income tax
7 imposed by the Nebraska Revenue Act of 1967 in the amount of five
8 thousand dollars shall be allowed to any individual who purchases a
9 residence during the taxable year if such residence:

10 (i) Is located within an area that has been declared an extremely
11 blighted area under section 18-2101.02;

12 (ii) Is the individual's primary residence; and

13 (iii) Was not purchased from a family member of the individual or a
14 family member of the individual's spouse.

15 (b) The credit provided in this subsection shall be claimed for the
16 taxable year in which the residence is purchased. If the individual
17 cannot fully utilize the credit for such year, the credit may be carried
18 forward to subsequent taxable years until fully utilized.

19 (c) No more than one credit may be claimed under this subsection
20 with respect to a single residence.

21 (d) The credit provided in this subsection shall be subject to
22 recapture by the Department of Revenue if the individual claiming the
23 credit sells or otherwise transfers the residence or quits using the
24 residence as his or her primary residence within five years after the end
25 of the taxable year in which the credit was claimed.

26 (e) For purposes of this subsection, family member means an
27 individual's spouse, child, parent, brother, sister, grandchild, or
28 grandparent, whether by blood, marriage, or adoption.

29 (8) There shall be allowed to all individuals refundable credits
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as
31 provided in the Nebraska Higher Blend Tax Credit Act, the Nebraska

1 Property Tax Incentive Act, and the Renewable Chemical Production Tax
2 Credit Act.

3 (9)(a) For taxable years beginning or deemed to begin on or after
4 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
5 refundable credit against the income tax imposed by the Nebraska Revenue
6 Act of 1967 shall be allowed to the parent of a stillborn child if:

7 (i) A fetal death certificate is filed pursuant to subsection (1) of
8 section 71-606 for such child;

9 (ii) Such child had advanced to at least the twentieth week of
10 gestation; and

11 (iii) Such child would have been a dependent of the individual
12 claiming the credit.

13 (b) The amount of the credit shall be two thousand dollars.

14 (c) The credit shall be allowed for the taxable year in which the
15 stillbirth occurred.

16 Sec. 2. Original section 77-2715.07, Revised Statutes Cumulative
17 Supplement, 2022, is repealed.